AMENDED IN ASSEMBLY AUGUST 29, 2011 AMENDED IN ASSEMBLY JUNE 20, 2011 AMENDED IN SENATE APRIL 25, 2011 AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 310

Introduced by Senator Hancock

February 14, 2011

An act to amend Sections 53395.3, 53395.6, 53395.7, 53395.14, 53395.19, 53395.20, 53396, 53397.1, and 53397.2 of, to add Article 9 (commencing with Section 65470) to Chapter 3 of Division 1 of Title 7 of, and to repeal Sections 53395.21, 53395.22, 53395.23, 53395.24, 53395.25, 53397.4, 53397.5, 53397.6, and 53397.7 of, the Government An act to amend Section 53395.14 of, to add Section 53393.3.5 to, and to add Article 9 (commencing with Section 65470) to Chapter 3 of Division 1 of Title 7 of, the Government Code, relating to local development.

LEGISLATIVE COUNSEL'S DIGEST

SB 310, as amended, Hancock. Local development.

(1) Existing law authorizes the legislative body of a city or county to adopt an infrastructure financing plan, which is required to contain specified information, for the purpose of financing certain infrastructure facilities, if specified procedural requirements are met, and requires the legislative body, if it adopts the plan, to submit the proposal to the voters. Existing law authorizes the legislative body to create an infrastructure financing district, by ordinance, if $\frac{2}{3}$ of the qualified electors of the proposed district vote in favor of adoption of the plan, and also authorizes the legislative body to initiate proceedings to issue

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bonds to finance the infrastructure facilities if $\frac{2}{3}$ of those electors vote in favor of the issuance. Existing law authorizes infrastructure finance districts to finance specified projects, including financing certain infrastructure facilities.

This bill would eliminate the requirement of voter approval and authorize the legislative body to create the district, adopt the plan, and issue the bonds by resolutions.

This bill would, in addition, authorize a district to reimburse a developer that meets specified requirements for permit expenses or expenses related to the construction of affordable housing units *pursuant* to the Transit Priority Project Program described below. This bill would also require that an infrastructure financing plan also include a plan to finance any potential costs for reimbursing a developer that meets specified requirements for permit and affordable housing expenses related to a project of the Transit Priority Project Program.

(2) The Transit Village Development Planning Act of 1994 authorizes a city or county to create a transit village plan for a transit village development district that addresses specified characteristics. In order to increase transit ridership and to reduce vehicle traffic on the highways, the act encourages local, regional, and state plans to direct new development close to transit stations and provide financial incentives to implement these plans.

This bill would establish the Transit Priority Project Program, and authorize a city or county to participate in the program by adopting an ordinance indicating its intent to participate in the program and by forming an infrastructure financing district. The bill would require a city or county that elects to participate in the program to amend, if necessary, its general plan, and community any related specific plan, if the city or county has one, and if it is necessary, to authorize participating developers to build at an increased height of a minimum of 3 stories within the newly created infrastructure financing district. This bill would exempt from its provisions a city or county that has adopted specified language in its charter, or by ordinance or resolution.

This bill would also make various conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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The people of the State of California do enact as follows:

SECTION 1. Section 53395.3 of the Government Code is amended to read:

53395.3. (a) A district may finance (1) the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer that satisfies the requirements of subdivision (b), (2) may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of that property, and (3) the costs described in Sections 53395.5 and 53396.5. A district may only finance the purchase of facilities for which construction has been completed, as determined by the legislative body. The facilities need not be physically located within the boundaries of the district. A district may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.

- (b) The district shall finance only public capital facilities of communitywide significance, which provide significant benefits to an area larger than the area of the district, including, but not limited to, all of the following:
- (1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.
- (2) Sewage treatment and water reclamation plants and interceptor pipes.
- (3) Facilities for the collection and treatment of water for urban uses.
- (4) Flood control levees and dams, retention basins, and drainage channels.
 - (5) Child care facilities.
 - (6) Libraries.

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- 30 (7) Parks, recreational facilities, and open space.
- 31 (8) Facilities for the transfer and disposal of solid waste, 32 including transfer stations and vehicles.
 - (c) Any district that constructs dwelling units shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of

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low- and moderate-income, as defined in Section 50093 of the
 Health and Safety Code.

- (d) Notwithstanding subdivision (b), a district may reimburse a developer of a project that is both located entirely within the boundaries of that district and qualifies for the streamlined permit procedures established pursuant to Article 9 (commencing with Section 65470) of Chapter 3 of Division 1 of Title 7, for any permit expenses incurred pursuant to that program or to offset additional expenses incurred by the developer in constructing affordable housing units.
- SEC. 2. Section 53395.6 of the Government Code is amended to read:

53395.6. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of an infrastructure financing plan, including a division of taxes thereunder, shall be commenced within 30 days after the date the legislative body adopted the resolution adopting the infrastructure financing plan pursuant to Section 53395.20. Consistent with the time limitations of this section, an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, except that Section 869 of the Code of Civil Procedure shall not apply.

SEC. 3. Section 53395.7 of the Government Code is amended to read:

53395.7. An action to determine the validity of the issuance of bonds pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. However, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, the action shall be commenced within 30 days after the date the legislative body adopted the resolution authorizing the issuance of the bonds pursuant to Section 53397.1, if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

SEC. 4. Section 53395.14 of the Government Code is amended to read:

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53395.14. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53395.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city that the district is located in and shall include all of the following:

- (a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.
- (b) A description of the public facilities required to serve the development proposed in the area of the district including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the public improvements and facilities.
- (c) A finding that the public facilities are of communitywide significance and provide significant benefits to an area larger than the area of the district.
- (d) A financing section, that shall contain all of the following information:
- (1) A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity proposed to be committed to the district for each year that the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.
- (2) A projection of the amount of tax revenues expected to be received by the district in each year that the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.
- (3) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt.
- (4) A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.
- (5) A date that the district will cease to exist, by that time all tax allocation to the district will end. The date shall not be more than 40 years from the date the legislative body adopted the

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resolution adopting the infrastructure financing plan pursuant to Section 53395.20.

- (6) An analysis of the costs to the city of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city as a result of expected development in the area of the district.
- (7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.
- (8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the streamlined permit procedures established pursuant to Article 9 (commencing with Section 65470) of Chapter 3 of Division 1 of Title 7, for any permit expenses incurred pursuant to that program.
- (e) If any dwelling units occupied by persons or families of low or moderate income are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53395.5.
- SEC. 5. Section 53395.19 of the Government Code is amended to read:
- 53395.19. (a) The legislative body shall not enact a resolution forming a district and providing for the division of taxes of any affected taxing entity pursuant to Article 3 (commencing with Section 53396) unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity that is proposed to be subject to division of taxes pursuant to Article 3 (commencing with Section 53396) has been filed with the legislative body at or prior to the time of the hearing.
- (b) Nothing in this section shall be construed to prevent the legislative body from amending its infrastructure financing plan and adopting a resolution forming the infrastructure financing district without allocation of the tax revenues of any affected taxing entity that has not approved the infrastructure financing plan by resolution of the governing body of the affected taxing entity.
- SEC. 6. Section 53395.20 of the Government Code is amended to read:

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53395.20. At the conclusion of the hearing required by Section 53395.17, the legislative body may adopt a resolution adopting the infrastructure financing plan, as modified, and approving the formation of the infrastructure financing district in a manner consistent with Section 53395.19, or it may abandon the proceedings.

SEC. 7. Section 53395.21 of the Government Code is repealed. SEC. 8. Section 53395.22 of the Government Code is repealed. SEC. 9. Section 53395.23 of the Government Code is repealed. SEC. 10. Section 53395.24 of the Government Code is repealed.

SEC. 11. Section 53395.25 of the Government Code is repealed.

SEC. 12. Section 53396 of the Government Code is amended to read:

53396. Any infrastructure financing plan may contain a provision that taxes, if any, levied upon taxable property in the area included within the infrastructure financing district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the resolution adopted pursuant to Section 53395.20 to create the district, shall be divided as follows:

- (a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the resolution adopted pursuant to Section 53395.20 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.
- (b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity which has agreed to participate pursuant to Section 53395.19 in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in

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1 the district as shown by the last equalized assessment roll referred

- 2 to in subdivision (a), all of the taxes levied and collected upon the
- 3 taxable property in the district shall be paid to the respective
- 4 affected taxing entities. When the district ceases to exist pursuant
- 5 to the adopted infrastructure financing plan, all moneys thereafter
- 6 received from taxes upon the taxable property in the district shall
- be paid to the respective affected taxing entities as taxes on all
 other property are paid.
- 9 SEC. 13. Section 53397.1 of the Government Code is amended 10 to read:
 - 53397.1. The legislative body may, by majority vote, authorize the issuance of bonds pursuant to this chapter by adopting a resolution.
- SEC. 14. Section 53397.2 of the Government Code is amended to read:
 - 53397.2. The resolution adopted pursuant to Section 53397.1 shall contain all of the following information:
 - (a) A description of the facilities to be financed with the proceeds of the bond issue.
 - (b) The estimated cost of the facilities, the estimated cost of preparing and issuing the bonds, and the principal amount of the bond issuance.
 - (c) The maximum interest rate and discount on the bond issuance.
 - (d) A determination of the amount of tax revenue available or estimated to be available, for the payment of the principal of, and interest on, the bonds.
 - (e) A finding that the amount necessary to pay the principal of, and interest on, the bond issuance will be less than, or equal to, the amount determined pursuant to subdivision (d).
 - (f) The issuance of the bonds in one or more series.
- 32 (g) The date the bonds will bear.
- 33 (h) The denomination of the bonds.
- 34 (i) The form of the bonds.
- 35 (j) The manner and execution of the bonds.
- 36 (k) The medium of payment in which the bonds are payable.
- 37 (*l*) The place or manner of payment and any requirements for 38 registration of the bonds.
- 39 (m) The terms or call of redemption, with or without premium.
- 40 SEC. 15. Section 53397.4 of the Government Code is repealed.

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SEC. 16. Section 53397.5 of the Government Code is repealed.
SEC. 17. Section 53397.6 of the Government Code is repealed.
SEC. 18. Section 53397.7 of the Government Code is repealed.
SECTION 1. Section 53395.3.5 is added to the Government Code, to read:

53395.3.5. Notwithstanding subdivision (b) of Section 53395.3, a district may reimburse a developer of a project that is located entirely within the boundaries of that district for any permit expenses incurred and to offset additional expenses incurred by the developer in constructing affordable housing units pursuant to the Transit Priority Program established in Section 65470.

SEC. 2. Section 53395.14 of the Government Code is amended to read:

53395.14. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53395.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city within which the district is located and shall include all of the following:

- (a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.
- (b) A description of the public facilities required to serve the development proposed in the area of the district including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the public improvements and facilities.
- (c) A finding that the public facilities are of communitywide significance and provide significant benefits to an area larger than the area of the district.
- 34 (d) A financing section, which shall contain all of the following 35 information:
 - (1) A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not

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be the same for all affected taxing entities. The portion may change over time.

- (2) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.
- (3) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt.
- (4) A limit on the total number of dollars of taxes which may be allocated to the district pursuant to the plan.
- (5) A date on which the district will cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 30 years from the date on which the ordinance forming the district is adopted pursuant to Section 53395.23.
- (6) An analysis of the costs to the city of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city as a result of expected development in the area of the district.
- (7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.
- (8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses related to the project.
- (e) If any dwelling units occupied by persons or families of low or moderate income are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53395.5.
 - SEC. 19.
- SEC. 3. Article 9 (commencing with Section 65470) is added to Chapter 3 of Division 1 of Title 7 of the Government Code, to read:

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Article 9. Transit Priority Project Program

- 65470. (a) (1) It is the intent of the Legislature to provide a process for cities and counties to create development patterns in the form of transit priority projects that comply with Chapter 4.2 (commencing with Section 21155) of Division 13 of the Public Resources Code, create-good jobs, reduce vehicle miles traveled, expand the availability of accessible open-space, build the density needed for transit viability, and meet regional housing targets.
- (2) It is the intent of the Legislature that, when implemented, a Transit Priority Project Program will help a development project in meeting the standards for expedited review under paragraph (2) of subdivision (a) of Section 65950.
- (b) (1) A city or county may participate in the Transit Priority Project Program by adopting an ordinance indicating its intent to participate in the program and by forming an infrastructure financing district pursuant to Article 1 (commencing with Section 53395) of Chapter 2.8 of Part 1 of Title 5.
- (2) A city, county, or private developer may create a transit priority project pursuant to Section 21155 of the Public Resources Code without participating in the program.
- (2) Nothing in this article shall be construed to add to the definitions of or to the requirements to implement Chapter 4.2 (commencing with Section 21155) of Division 13 of the Public Resources Code.
- (c) If a city or county elects to participate in the program by adopting the ordinance described in subdivision (b) and forms an infrastructure financing district, the city or county shall amend the general plan and community plan, if the city or county has one, and if it is necessary, to authorize participating developers to build at an increased height of a minimum of three stories. county shall amend, if necessary, the general plan and any related specific plan to authorize participating developers to build at an increased height of a minimum of three stories within the boundaries of the infrastructure financing district created pursuant to subdivision (b).
- (d) A *Transit Priority Project Program* development project shall meet all of the following requirements:

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 (1) Is located in a designated transit priority project and within one-half of one mile of a transit station, pursuant to Section 21155 of the Public Resources Code.

- (2) Is located within a zone in which buildings of three stories or more are authorized.
- (3) Meets State Air Resources Board land use guidelines with respect to distance from major emitters.
 - (4) Provides onsite bicycle parking.
- (5) Provides for car sharing if a car sharing program is available in the city or county. The car sharing area may be onsite, or the developer may pay a fee to the city or county to cover the cost of providing for car sharing at an offsite location near the project. The developer shall provide one car share for the first 20 units and one car share for every 50 units thereafter.
- (6) Provides unbundled parking. For purposes of this paragraph, "unbundled parking" means renting a parking space for the residential units separately from the residential units, or pays a fee to the appropriate local transit management fund to cover one-half of the cost of providing a parking space.
- (7) Provides to all units transit passes for 10 years as part of the rent or condo fees if transit passes are available from local providers.
- (8) Provides to tenants recycling for bottles, cans, paper, and plastic containers.
- (9) Provides open space onsite, including, but not limited to, accessible roof gardens, or pays a fee into a fund established for local open space. The fee shall not exceed 10 cents (\$0.10) per square foot.
- (10) Provides 20 percent affordable units in rental or owner occupied housing for low- or moderate-income persons and families, or pays a fee in an amount equivalent to the cost to provide affordable units elsewhere within the city's or county's jurisdiction, as determined by the city or county. The developer shall require, by covenants or restrictions, that the housing units built pursuant to this paragraph shall remain available at affordable housing cost to, and occupied by, persons and families of low- or moderate-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.

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(11) Pays prevailing wages to construction workers for residential projects over 100 units pursuant to Sections 1770, 1773, and 1773.1 of the Labor Code.

- (12) Meets the standards for expedited review under paragraph (2) of subdivision (a) of Section 65950.
- (e) The following shall be applicable to a development project that is eligible for the streamlined permitting procedures required pursuant to paragraph (1) of subdivision (c):
- (1) The project shall comply with any local design guidelines that were adopted prior to the submission of the project application.
- (2) If the project is located entirely within the boundaries of an Infrastructure Finance District created pursuant to Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5, the district may pay for any fees charged pursuant to Section 65104.
- (12) For purposes of this subdivision, "unbundled parking" means renting a parking space for the residential units separately from the residential units, or pays a fee to the appropriate local transit management fund to cover one-half of the cost to provide a parking space.
- (e) (1) A development project that meets the criteria established in subdivision (d) shall comply with any local design guidelines that were adopted prior to the submission of the project application.
- (2) The infrastructure financing district formed pursuant to subdivision (b) may reimburse a developer of a project that is consistent with the requirements established in subdivision (d) for any permit costs, or costs associated with the construction of the affordable housing units required pursuant to paragraph (10) of subdivision (d).
- (f) This article shall not apply to a city or county that has adopted language in its charter or by ordinance or resolution that does either of the following:
- (1) Provides that the requirement requirements of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code do not apply to some or all work awarded or funded by the city or county that would otherwise be subject to those requirements.
- (2) Prohibits a contractor, subcontractor, or other person or firm engaged in the construction, rehabilitation, alteration, conversion,

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extension, maintenance, repair, or improvement of public works, from executing or otherwise becoming a party to any prehire, 3 collective bargaining, or similar agreement entered into with one 4 or more labor organizations, employees, or employee 5 representatives that establishes the terms and conditions of employment on a construction project, or the city or county from incorporating such an agreement into the bid specifications or 7 contract for a construction project, or the governing body of the city or county from deciding that the city or county should enter into such an agreement for a particular construction project or 10 11 projects.